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THE PROPOSED AGREEMENT AS VIEWED BY THE FARMER¹

Few questions of great importance have been so unfairly presented to the reading public as the one now under discussion. For this reason the efforts of this Economic Society to bring together the representatives of the many classes interested at this forum for full and free discussion of this subject must receive the approval and praise of all who believe that right and justice should prevail.

For some reason most of the magazines of our country and the great newspapers of our cities have refrained from publishing articles other than those favorable to this agreement. This is partly due to the false idea, which is general, that the farmers are making excessive profits and that they could well afford to sell their products for lower prices than have prevailed during the past five years. The Census of 1900 shows the average income of the Iowa farmer to be \$1,600 while his investment is over \$10,000. After deducting interest on his investment, taxes, hired help, making allowance for depreciation, etc., the farmer has left as wages for himself and family less than \$600. The wife helps with the work of the farm, often husking a part of the corn; the children help with the farm work from the time they are eight years old, and seldom attend school except in the winter season after they are twelve years old. No one will dare say \$600 is excessive wages for the farmer and his family for their year's work. The Census also shows that the income and wage of the farmer in Iowa is greater than in any other state. The average gross income of the Illinois farmer in 1900 was about \$1,400. Some will say that prices were much higher in 1910. The Census reports are not complete for 1910, but taking such reports as are available from the Census and the reports of the secretary of the State Board of Agriculture of Iowa, I find the average income of the Iowa farmer for the

¹A paper read before the Western Economic Society, June 3, 1911.

year 1900 to be \$2,100, and this includes poultry, eggs, and dairy products. His investment has nearly doubled; wages are about 40 per cent higher, and after making the necessary deductions his net income, or rather the wage received by himself and family, is less than \$800 per year.

There are three points in this discussion to which I would call your attention: (1) What is the agreement? (2) Who are asking for it? (3) What are the probable results?

From the farmer's viewpoint the word "reciprocity" as here used is a misnomer; there is nothing reciprocal or mutual about it. The chief purpose of this agreement is to reduce the price of farm products. These are the only products admitted duty-free through this agreement except fish and rough lumber. All manufactured products will continue to pay duties ranging from 20 per cent upward.

The following articles by the terms of the agreement are duty free when moved from one to the other country: live animals, poultry, eggs, dairy products, fruits, honey, fish, rough lumber, and grain including corn, wheat, oats, barley, etc. So far as I can learn this includes nearly every product of the farm.

While wheat is on the free list the duty is still maintained on flour; while cattle and hogs are admitted free the duty is still maintained on dressed meat. This is done supposedly for the benefit of the miller and packer. If the purpose of this agreement is to reduce the cost of living, why not admit flour and dressed meat duty free? The consumer buys flour not wheat; meat not live cattle. Milling is largely a monopoly and the large mills fix the margin for milling. The packers are now under indictment for illegal acts in combining to depress the price of live animals and to exact excessive prices for their product. It is hard to understand why the miller and packer need protection more than the farmer.

The President in his message of April 5, 1911, presents the issue squarely in these words: "We have so increased in population and in our consumption of food products and the other necessities of life, hitherto supplied largely from our own country, that unless we materially increase our production we can

see before us a change in our economic position, from that of a country selling to the world food and natural products of the farm and forest, to one consuming and importing them."

Mr. James J. Hill, through his public utterances and magazine articles, has warned the people of this country that we were about to reach the point where we would not produce enough food to feed our population. The argument is freely offered that the farmer has received no direct benefit from the tariff. While this is true he has been promised that eventually he would receive a direct benefit. The lamented William McKinley made a tour of the West in October, 1894, to aid the Republican congressional ticket. His speeches were an appeal to the patriotism of the farmer and urged him to vote for the protective tariff in order that the manufacturer might pay better wages to his men; and that the farmer would be rewarded by a home market for his products at greatly enhanced prices. This has been the argument of all who attempt to justify a protective tariff to the farmers of this country. It is in the nature of a contract that has existed for years between the consumers and the farmers. Now that the home market is about to be realized, free food from Canada is demanded and this in spite of the fact that food is shown, by the report of the Lodge Senate Committee, to be much cheaper here than in European countries.

The principal advocates of this so-called reciprocity are the following: The East and manufacturing districts by this means hope to get cheaper food; the large cities and especially those near the Great Lakes believe it will extend their trade with Canada; the railroads hope to haul the wheat from Canada to the United States and to return more manufactured articles from the states than are now shipped. The speculators who have invested in Canada lands believe it will largely increase the value of their holdings. Many others hope that through this agreement the farmer will be convinced that he shares none of the benefits of the protective tariff, but is required to pay excessive prices for what he buys; and after its passage he will be easily induced to vote for the destruction of the protective principle. The greater part of the advocates of reciprocity in the agricultural

states belong to this latter class. Some prominent newspapers advocate the adoption of this agreement hoping it will utterly destroy the protective tariff.

That there is a general demand for cheaper food on the part of the consumer is not disputed, but the question to be met here is: Would it not be far better to reduce from the other end of the line than by depressing the price on the article as it leaves the farmer? Recent investigations of the Secretary of Agriculture show that on an average the farmer gets only 50 per cent of what the consumer pays for the product. If the farmer's price is materially reduced he will curtail production because lower prices will not justify the employment of labor at present high rates, and still larger numbers of farmers' boys will be compelled to engage in commercial and professional occupations and the rural population will continue to decline.

The chief reason for the decline in the rural population during the past ten years is the fact that the wages or profits of the farmer are less than those in other lines of business.

Those who read the market pages of our great newspapers will not deny that the prospect of reciprocity has reduced the prices of grain. The following from the *Chicago Tribune* market notes, May 26, helps to explain the marked decline in prices of farm products in recent months: "Wheat in this country from a supply and demand standpoint is legitimately worth \$1. Canadian reciprocity talk knocked from ten to fifteen cents off the price." Now if talk alone will have this effect what will free interchange amount to ten years hence?

It is not what Canada produces today that we need fear but the products of future years when the vast areas are under cultivation. Not many years ago the Dakotas grew no wheat. The possibilities of wheat production in Canada are immense. It is said that less than 10 per cent of any of the Northwest territories is cultivated. These four territories have an area of over 400,000 square miles; they are gently rolling, mostly prairie, with a virgin soil, fully as productive as the Dakotas, and an area eight times as great as the state of Illinois.

The argument is advanced that free importation of Canadian

wheat will not reduce the price of corn; this is a mistake; nearly all of our wheat-growing land will produce corn equally as well; if the price of wheat is materially reduced the Kansas farmer as well as the Minnesota farmer will grow corn in place of wheat, and the price of corn will decline because of excessive production. It is also claimed that because Canada does not grow corn it will not compete with us in meat-production; but Ireland and Denmark are famous for their pork and send large quantities to England, yet they grow no corn. Canada will produce pork with oats and peas and better than our own. It is true that Canada is taking large numbers of our horses; the demand would not be greatly increased because of this agreement, for every immigrant may take ten head, duty free, into Canada at the present time. The inevitable result that is to follow the settling of Canada with its cheap land, producing an abundance of hay and oats, will be to make Canada a large exporter of horses within ten years.

Some persons urge this agreement because Canada is a near neighbor whose people speak a common language and have common motives and by this means they hope to promote closer relations. If this is the purpose why not have free interchange of all commodities; why limit it to farm products? This same argument will apply with equal force to England; the means of communication are such that England is closer to a large part of the United States than Canada.

There are no advantages offered to the farmers through this agreement; should it be adopted they will be compelled to continue to sell in the lowest market in the world and buy in a market greatly advanced by the protective tariff. The farmers of this country consume about 40 per cent of the manufactures sold. The decline of prices of farm products will compel the farmer to curtail his purchases. These products are over 30 per cent lower today than the average price during the three preceding years. The products of the farms of Iowa for these years were worth nearly \$500,000,000 annually. The farmers of Iowa will have about \$150,000,000 less to spend this year than last. If the merchants of Iowa are wise they will not purchase over 60

per cent of the amount they purchased last year; the same is true of other agricultural states. Thus the decline in price is sure to react upon the manufacturer and laborer. It will be seen that no class can escape the injury that is bound to follow an attack on the prosperity of another class. In this question there is a direct conflict of interest between the agricultural classes and the manufacturing interests.

If the manufacturers have reached such a condition that they must invade the world's markets and must have cheaper food and cheaper labor, as was the case in England sixty years ago, they ought to be fair and say, We are willing to abandon our fictitious basis of values and will surrender our advantages under the protective tariff in order that we may get cheaper food and cheaper labor.

If the manufacturer is to receive the benefit of a protective tariff on his product ranging from 50 to 100 per cent it is entirely unjust to say that the tariff shall be removed from the products of the farm, for this is the effect of this agreement, and that the farmer shall be compelled to sell in a free-trade market and buy in a highly protected one, while on the other hand the Canadian may sell in our market if to his advantage and buy from Europe or Japan as he chooses.

So long as we maintain a protective tariff it is manifestly unjust to say that the agricultural classes, over 35 per cent of our population, shall receive no benefits from this policy; that the reward of their labor shall be taken from them through an unjust tariff law and given to the more favored classes who enjoy protection.

If the measure of protection is to be the difference between the cost of production at home and abroad with a reasonable profit added, why not apply this principle to food products. This principle applied to Canada, because of cheaper land and a virgin soil, would give us a protective tariff on food products of fully 25 per cent.

The farmer in the production of grain or meat combines capital, skill, and labor, just as the man who manufactures steel

rails, cloth, or shoes, and is justly entitled to the same measure of protection.

We have just reached the point where the tariff will enhance the prices for farm products. The farmer is not getting as good pay for his labor as other classes. He does not create fictitious prices for his products through monopolies. It would be far better to produce our food at home and have our own farmers prosperous consumers, than to pay our money to the Canadian farmer for his product with no assurance that he will spend any part of such money for American goods.

Our own farms will easily produce 50 per cent more food products than they are now producing if the consumer is willing to pay a reasonable price for them so that the farmer may expend a greater amount for labor.

The consumers should be patriotic enough to demand food grown by our own farmers; reduce the excessive toll taken by the middlemen and increase the wealth and prosperity of our own states rather than lending their energies to develop north-west Canada.

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